

## REQUESTS FOR RESULTS

### Economic Development

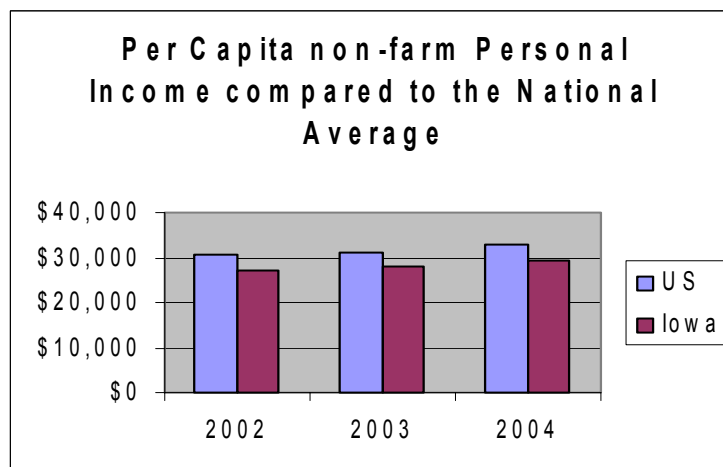
#### Result: *TRANSFORM IOWA'S ECONOMY*

##### Indicators:

Indicators are based on the following facts: Iowa has a 20<sup>th</sup> century economy based on commodities, while the national economy has moved to an information-based global economy; Iowa's agriculture and manufacturing commodities are usually shipped out of the state prior to value-added processing which has led to stagnant population growth and per capita income; recent analysis of the Iowa economy has recommended more business activity in the areas of advanced manufacturing, life sciences and information solutions.

- **Per Capita non-farm Personal Income compared to the National Average.**

Growth in non-farm personal income across all segments of the population indicates a vibrant economy that will support continued re-investment. For the past decade, Iowa's per capita non-farm income has remained at about 89% of the national average. For the years 2003 and 2004, the per capita non-farm income went from \$27,935 to \$29,435 in Iowa. During the same period the per capita personal non-farm income went from \$31,315 to \$32,818 in the U.S. This indicator is inclusive of the Leadership Agenda initiative to increase the number of high paid jobs that require post secondary education.

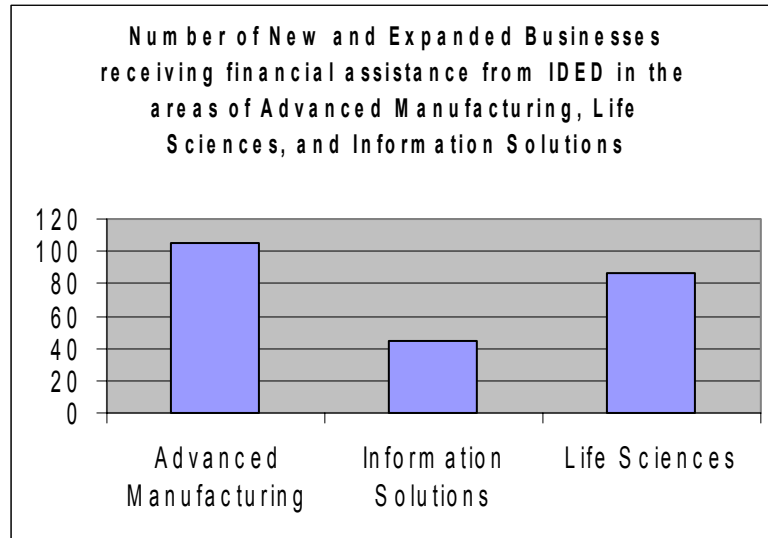


**Data Source:** Bureau of Economic Analysis, U.S Department of Commerce, 2005

**Growth in targeted businesses - number of new and expanded businesses in the areas of advanced manufacturing, life sciences and information solutions.**

\* Transforming the economy requires a focus on more than just increasing the number of new businesses.

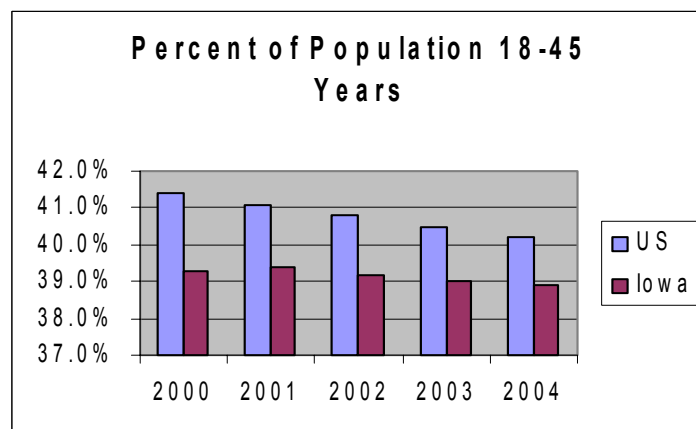
Iowa must focus on these specific business areas that will sustain growth. Growth in these businesses will support development of associated services.



**Data Source:** Iowa Dept of Economic Development 7/1/03-6/30/05

- Attracting and retaining an educated workforce - percentage of the population growth within the age group of 18 to 45.**

\* The State is losing its college educated citizens to other states. A growth in this age group indicates people are staying in Iowa and moving into Iowa. This age group would be the higher paid workforce for the new and expanded businesses. The team believed this was a broader measurement of the transformation than looking at migration rates, which is a lagging indicator that would not capture the effect of retaining well-educated youth. The team also discussed an indicator capturing quality of life issues, such as the density of cultural organizations, but it was determined to be too narrow to capture the many quality of life issues. No other benchmark to capture such issues was believed a viable indicator.



**Data Source:** Estimate Branch, Bureau of Census, US Dept. of Commerce 2005.

**Strategy Map:**

The strategy map shows the five major causal factors to transforming Iowa's economy.

**Strategies:**

Factors are listed in priority order based on their importance to the Result.

***Develop an Educated, Productive Workforce*** – The availability of a quality workforce is crucial to attracting new business to the state. New or expanding businesses look to locations that have a workforce that is educated and trained in the fields of knowledge-based businesses. Key factors include skills, attitude and availability. Iowa ranks 44<sup>th</sup> among the states in percent of the adult population with graduate and professional degrees, 32<sup>nd</sup> in the country in computer and mathematics professions, 42<sup>nd</sup> in architecture and engineering, and 31<sup>st</sup> in the life, physical and social sciences. It is crucial that Iowa have in place the mechanisms to provide quality education and life-long learning. This includes the ability to re-train the current workforce in fields covered by new businesses. The team identified skills in math, science and information technology as crucial areas of expertise required by the targeted businesses.

*Source: US Census Bureau. Bureau of Economic Analysis, US Department of Commerce (June 2005).*

***Create a Supportive Business Climate*** – A supportive business climate includes access to capital, entrepreneurial and partnership behavior, useful tools, fair taxes and effective regulations. Programs or policies that encourage risk taking and the development of effective partnerships among academia and the public and private sectors provide the support for the development of targeted businesses. There must also be a means to commercialize the results of these partnerships.

*Source: "Process Improvements in Advanced Manufacturing and Beyond", Indiana Economic Development; Battelle; SRI; US Bureau of Economic Analysis; CFRD Report Card.*

***Build the Infrastructure For a New Economy*** – A solid infrastructure that includes modern efficiently designed buildings, advanced communications technology, safe and efficient transportation facilities, affordable energy, and a healthy natural environment. Businesses rely on efficient telecommunication and high-speed internet access. 82.1% of Iowans have access to internet, yet access in underserved areas remains a concern. Traditional modes of mobility also support attracting, developing or expanding businesses. Infrastructure also includes access to efficient, economic energy and water sources. This infrastructure development must not sacrifice quality in the air, water and soil resources. It is important to develop alternative energy sources. Iowa is ranked 3<sup>rd</sup> in the country for installed wind energy capacity.

*Source: Iowa Utilities Board (June 2005). American Wind Energy Association, December 2004.*

***Improve upon Local Economic Development*** – Effective local and regional economic development efforts are critical to transforming Iowa's economy and positioning communities across Iowa to assist in, and benefit from, the economic transformation. Successful local and regional economic development efforts require quality leadership, regional initiatives, effective partnerships, access to capital and entrepreneurial support. The retaining of Iowa businesses, the fostering of entrepreneurs and the attracting of new businesses all rely upon successful local

economic development.

*Source: "Innovative Local Economic Development Programs" Georgia Institute of Technology, 1999, "Competitive Regionalism: Beyond Individual Competition" University of Toledo, "Innovative State Policy Options to Promote Rural Economic Development", National Governors Association.*

**Create Attractive Communities** – Iowa must develop and support communities in which individuals, families and businesses find it desirable to live, work or visit. The critical factors to having attractive communities are quality government services, amenities, diversity and affordability. The state must help to maintain and enhance the attractiveness of Iowa communities.

*Source: National Center for Charitable Statistics, Quality of Life Indicators, William Penn Foundation; CFED; U.S. Census Bureau; CPI; "Importance of Quality of Life in the Location Decisions of New Economy Firms" UNC, Chapel Hill 2002, US Department of Commerce, "A Key to Regional Competition."*

**Purchasing Strategies - The Transform the Economy Buying Team seeks offers that:**

1. *Be innovative and bold in implementing Vilsack-Pederson priorities and values. Ensure that the many innovative and bold initiatives we have begun are fully and well established.*

This is not the old business as usual. Offers should continue ideas and improved services that produce results in the most effective and innovative ways. Offers are not limited to the services the State of Iowa currently provides the way we currently provide them. If an offer includes a service the State currently provides, the offer should improve upon those services. Adapt best practices to Iowa.

2. *Use the principles of smarter sizing, smarter spending, smarter management and smarter leadership.*

The State of Iowa must work smarter to produce better results with the available resources. Some principles that will do that include:

- Consolidating services in a smart way;
- Buying services competitively;
- Using flexibility to produce accountability;
- Giving Iowans choices;
- Giving money to Iowans, rather than institutions;
- Making administrative systems allies, not enemies;
- Improving work processes and productivity;
- Improving the availability, quality, use, and sharing of data;
- Purchasing prevention, not remediation;
- Separating steering and rowing;
- Producing voluntary compliance;
- Targeting subsidies;
- Purchasing less mistrust; and
- Blending or braiding revenue streams.

3. *Divest lower value strategies so that there is more money to invest in higher value strategies.*

The State of Iowa cannot simply continue to provide all of the services it currently provides, because many of those services do not directly relate to the results Iowans want most. To provide those results, the State must target its resources toward services and programs that will directly impact those result areas. Investments must also target populations, regions or aspects of a delivery system that most need attention.

4. *Encourage collaboration and partnerships.*

The State of Iowa cannot do everything alone. Iowans want state departments to work with each other, as well as other levels of government, non-profits, and the private sector. The State's investments must build upon and work with community based organizations and initiatives. Partnerships require incentives. The State cannot construct a budget based on the hope that partners will fund a portion of the service, if those deals have not been discussed with the partners.

5. *Show measurable results.*

6. *Build on organizational core competencies.*

When offers are made to fund existing state services, they should build upon that service's strengths. Offers should improve upon the areas that Iowans expect and want from state government, not abandon the core service.

7. *Promote cultural competence.*

Diversity is important to the future of Iowa. Offers should welcome and serve diverse populations.